

Accounting Research Bulletins ("ARB")

ARB 43	Restatement and Revision of Accounting Research Bulletins
ARB 44	Declining-balance Depreciation
ARB 44 (Revised)	Declining-balance Depreciation
ARB 45	Long-Term Construction-Type Contracts
ARB 46	Discontinuance of Dating Earned Surplus
ARB 47	Accounting for Costs of Pension Plans
ARB 48	Business Combinations
ARB 49	Earnings per Share
ARB 50	Contingencies
ARB 51	Consolidated Financial Statements

Recent Staff Accounting Bulletins ("SAB")

(July 1996 through date of publication)

SAB 97	The Inappropriate Application of Staff Accounting Bulletin No. 48, Transfers of Nonmonetary Assets by Promoters or Shareholders, to Purchase Business Combinations Consummated Just Prior to or Concurrent With an Initial Public Offering, and the Identification of an Accounting Acquirer in Accordance With APB Opinion No. 16, Business Combinations, for Purchase Business Combinations Involving More Than Two Entities
SAB 98	Revision of Certain SAB Topics to Reflect the Provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share and SFAS No. 130, Reporting Comprehensive Income
SAB 99	Materiality
SAB 100	Restructuring and Impairment Charges
SAB 101	Revenue Recognition in Financial Statements
SAB 101A	Amendment: Revenue Recognition in Financial Statements (delay of SAB 101 implementation)
SAB 101B	Second Amendment: Revenue Recognition in Financial Statements (delay of SAB 101 implementation)
SAB 102	Selected Loan Loss Allowance Methodology and Documentation Issues
SAB 103	Update of Codification of Staff Accounting Bulletins
SAB 104	Revenue Recognition
SAB 105	Miscellaneous Accounting — Loan Commitments Accounted for as Derivative Instruments
SAB 106	Oil and Gas Production Activities — Application of Full Cost Method of Accounting
SAB 107	Share-Based Payment

Appendix E: Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act is structured by Title:

Title I - Public Company Accounting Oversight Board
Title II - Auditor Independence
Title III - Corporate Responsibility
Title IV - Enhanced Financial Disclosures
Title V - Analyst Conflicts of Interest
Title VI - Commission, Officers, and Authority
Title VII - Studies and Reports
Title VIII - Corporate Responsibility and Accountability
Title IX - White-Collar Crime Penalty Enhancements
Title X - Corporate Tax Reform
Title XI - Corporate Fraud and Accountability

Title I – Public Company Accounting Oversight Board (discussed in Appendix C)

Title III – Corporate Responsibility

Section 301 audit committee requirements

Section 302 officer certifications

Title IV – Enhanced Financial Disclosures

Section 401 requires that U.S. GAAP financial statements filed with the SEC reflect all material adjustments and disclose all material off-balance-sheet transactions.

Section 404 management's assessment of ICFR, along with the related report of the independent auditor (reporting discussed in detail below)

Section 406 requires companies to disclose whether they have a code of ethics, as well as any changes in or waivers from such codes.

Section 408 mandates that the SEC will review every public company's Forms 10-K at least once every three years.

Section 409 requires disclosure on material changes in the financial condition or operations of the issuer on a rapid and current basis.

Title IX – White-Collar Crime Penalty

Enhancements increases various penalties for white-collar crime, including mail, wire, and securities fraud.

Title XI – Corporate Fraud and Accountability imposes criminal penalties for corruptly altering or destroying documents or otherwise impeding an official proceeding.

Section 404 Reporting

The reports resulting from the Sarbanes-Oxley Act that investors began seeing with the filing of annual reports with year ends subsequent to November, 15, 2004 are the following:

Management's report

Management states its responsibility for maintaining adequate ICFR and gives its assessment of whether or not ICFR is effective. According to the rules,

management cannot state that ICFR is effective if even one material weakness exists at year-end.

Under the SEC rules, management's report on ICFR should include the following information:

- Statement of management's responsibility for establishing and maintaining adequate ICFR.
- Statement identifying the framework used by management to evaluate the effectiveness of ICFR, i.e. Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework (see Appendix F).
- Management's assessment of the effectiveness of the company's ICFR as of the end of the company's most recent fiscal year, including an explicit statement as to whether that control is effective and disclosing any material weakness identified by management in that control.
- Statement that the registered public accounting firm that audited the financial statements included in the annual report has issued an attestation report on management's internal control assessment.

Auditors' Reports

The content of the auditor's report is prescribed by the PCAOB standard. The independent auditor evaluates and reports on the fairness of management's assessment. The auditor also performs an independent audit of ICFR and issues an opinion on whether internal control is operating effectively as of the assessment date (i.e., the company's fiscal year-end). If one or more material weaknesses exist at the company's fiscal year-end, the auditor cannot conclude that ICFR is effective.

The most common opinions on the effectiveness of ICFR will be:

- **Unqualified Opinion** - An opinion that ICFR is effective: no material weaknesses in ICFR exist as of the fiscal year-end assessment date.
- **Adverse Opinion** - An opinion that ICFR is not effective: one or more material weaknesses exist as of the fiscal year-end assessment date.
- **Disclaimer of Opinion** - A report stating that restrictions on the scope of the auditor's work prevent the auditor from expressing an opinion on the company's ICFR.

As in the past, the independent auditor also issues an opinion on whether the company's published financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles. This report may be combined with the auditor's report on ICFR, or it may be presented separately.

Internal Control Deficiencies and Material Weaknesses

When an internal control deficiency is identified, management and the independent auditor evaluate its significance and determine whether it constitutes a control deficiency, a significant deficiency, or a material weakness. The

PCAOB has defined a material weakness as a "significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected." A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur.

Deficiencies that are less serious than a material weakness (i.e., control deficiencies and significant deficiencies) are required to be disclosed to the audit committee and/or management, and management and the independent auditor must evaluate less serious weaknesses to determine whether, when taken together, they result in a material weakness. All identified material weaknesses that exist at the company's fiscal year-end must be disclosed in the public reports issued by management and the auditor. If one or more material weaknesses exist at the company's fiscal year-end, management and the auditor must conclude that ICFR is not effective. Management's report should disclose the nature of any material weakness, in sufficient detail to enable investors and other financial statement users to understand the weakness and evaluate the circumstances underlying it. The PCAOB auditing standards also requires that the independent auditor's report provide specific information about the nature of any material weakness and the actual and potential effect on the company's financial statements.

Appendix F: COSO Framework^{xvi}

Committee of Sponsoring Organizations of the Treadway Commission ("COSO") was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting. COSO created an internal control framework for companies and their auditors. This framework is not a checklist of requirements for effective internal control, but a conceptual paradigm that provides subjective concepts of effective internal control. Considerable judgment is involved in designing the actual operative control process.

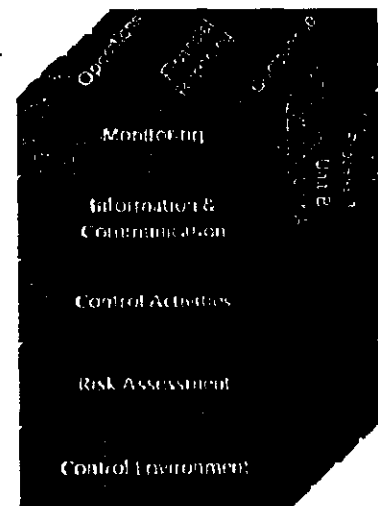
Although the COSO framework also addresses internal control over compliance and operations, Section 404 of the Sarbanes-Oxley Act generally requires management to assess only its ICFR.

COSO defines internal control as a process implemented by an organization's board of directors, management, and other personnel that is designed to provide reasonable assurance that an organization can achieve its objectives in three areas:

- Effective and efficient operations
- Reliable financial reporting
- Compliance with applicable laws and regulations.

The COSO framework presents the following five related components of internal control:

- **Control Environment** — The control environment sets the tone for the organization. This is the foundation for all other components of internal control, providing discipline and structure.
- **Risk Assessment** — Risk assessment is the identification and analysis of relevant risks and their effect on achievement of the company's objectives.
- **Control Activities** — Control activities help ensure that management's directives are implemented and that necessary actions are taken to address risks, enabling the entity to achieve its objectives. These activities take place at all levels and in all functions of the organization, involving processes as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.
- **Information and Communication** — Pertinent information must be selected and communicated in a manner and time frame that enable people to carry out their responsibilities.
- **Monitoring Controls** — Monitoring is the continuous process management uses to assess and maintain the quality of internal control. Monitoring includes ongoing management and supervisory activities in the normal course of operations, as well as periodic activities by senior management and the process for reporting and remediating deficiencies. The assessments mandated by Section 404 are monitoring activities.



References

General Reference Information:

Securities and Exchange Commission (SEC)

www.sec.gov

Public Company Accounting Oversight Board (PCAOB)

www.pcaobus.org

Financial Accounting Standards Board (FASB)

www.fasb.org

American Institute of Certified Public Accountants (AICPA)

www.aicpa.org

Specific Reference Information:

SEC

SEC, Office of the Chief Accountant, "Study Pursuant to Section 108(d) of the Sarbanes-Oxley Act of 2002 on the Adoption by the United States Financial Reporting System of a Principles-Based Accounting System", July 25, 2003. Available online at: <http://www.sec.gov/news/studies/principlesbasedstand.htm>.
"SEC Study on Adoption by the U.S. Financial Reporting System of a Principles-Based Accounting System", July 25, 2003. Available online at: <http://www.sec.gov/news/press/2003-86.htm>.

PCAOB

PCAOB Release No. 2004-001, March 9, 2004, PCAOB Rulemaking Docket No. 008, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements."

Section 404 Information Center

Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP, PricewaterhouseCoopers LLP, "Perspectives on Internal Control Reporting – A Resource for Financial Market Participants," December 2004. Available online at: Section 404 Information Center at: <http://www.s-oxinternalcontrolinfo.com> or Stanford Law School Executive Education website:

<http://www.seeuthere.com/eps/event/microsite/previewinvitation.asp?PageID=134913&PageType=CustomPage&EventId=102671&EventCreation=False&Preview=False&sutGuid=38638>.

Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP, PricewaterhouseCoopers LLP, "Internal Control over Financial Reporting – An Investor Resource," December 2004. Available online at: Section 404 Information Center at: <http://www.s-oxinternalcontrolinfo.com/> or Stanford Law School Executive Education website at: www.404conference.com.

Stanford Law School Investor Symposium, "Investors, the Stock Market, and Sarbanes-Oxley's New Section 404 Requirements" January 12, 2005. The symposium was co-sponsored by Deloitte & Touche LLP, Ernst & Young LLP, Financial Executives International, KPMG LLP, Moody's Investor Services, the National Association of Corporate Directors, the National Investor Relations Institute, the NASDAQ Stock Market, the New York Stock Exchange, and PricewaterhouseCoopers LLP. Materials and webcast replay of the conference is available online at www.404conference.com.

FASB

"FASB Response to SEC Study on the Adoption of a Principles-Based Accounting System," July 2004. Exposure Draft, FASB File Reference No. 1300-001 Proposed Statement of Financial Accounting Standards, "The Hierarchy of Generally Accepted Accounting Principles," April 28, 2005
"The FASB Report," December 28, 2004. This material is available online on the FASB Website at http://www.fasb.org/articles&reports/project_revisit_of_tfr_dec2004.pdf.

FASB Exposure Draft No.1300-001, "Proposed Statement of Financial Accounting Standards –The Hierarchy of Generally Accepted Accounting Principles," June 27, 2005

Deloitte & Touche LLP

DeloitteLearning, "The Securities and Exchange Commission." Available online at <http://www.deloittelearning.com/courses.asp>.

DeloitteLearning, "The Public Accounting Profession." Available online at <http://www.deloittelearning.com/courses.asp>.

ⁱ Source: This material can be found on the SEC website at www.sec.gov

ⁱⁱ Source: Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP, PricewaterhouseCoopers LLP, "Perspectives on Internal Control Reporting – A Resource for Financial Market Participants", December 2004. Section 404 Information Center at: <http://www.s-oxinternalcontrolinfo.com>

ⁱⁱⁱ Source: Release No. 33-8221, "Policy Statement: Reaffirming the Status of the FASB as a Designated Private-Sector Standard Setter," April 25, 2003.

^{iv} Source: Office of the Chief Accountant, "Study Pursuant to Section 108(d) of the Sarbanes-Oxley Act of 2002 on the Adoption by the United States Financial Reporting System of a Principles-Based Accounting System," July 25, 2003 <http://www.sec.gov/news/studies/principlesbasedstand.htm>. The GAAP hierarchy can be found in the U.S. auditing literature: AICPA Statement on Auditing Standards No. 69 "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles (SAS 69)."

^v Source: This material is found in Exposure draft, Proposed Statement on Auditing Standards "Amendment to Statement Standards No. 69, Fairly in Conformity with Generally Accepted Accounting Principles, for Nongovernmental Entities", available at <http://www.aicpa.org/exposure/Amend Stmt Stds No 69.asp>

^{vi} Source: FASB Exposure Draft No.1300-001, "Proposed Statement of Financial Accounting Standards – The hierarchy of Generally Accepted Accounting Principles," June 27, 2005.

^{vii} Source: Deloitte & Touche LLP Integrated Service Offerings publication "Sarbanes-Oxley Control Compliance."

^{viii} Sources: SEC Website at www.sec.gov and DeloitteLearning, "The Securities and Exchange Commission" at <http://www.deloittelearning.com/courses.asp>.

^{ix} Source: SEC Website at <http://www.sec.gov/rules/final/33-8238.htm>.

^x Source: This material is found on the PCAOB Website at www.pcaobus.org.

^{xi} Source: This material is found on the Enforcement page of the PCAOB Website at <http://www.pcaobus.org/Enforcement/index.aspx>.

^{xii} Source: This material can be found on the SEC Website at <http://www.sec.gov/about/whatwedo.shtml>.

^{xiii} Source: This material can be found on the Division of Enforcement webpage of the SEC website at <http://www.sec.gov/divisions/enforce.shtml>.

^{xiv} Source: This material can be found on the FASB website at <http://www.fasb.org/facts/index.shtml>

^{xv} Source: The FASB Report, December 28, 2004. This material is found on the FASB Website at http://www.fasb.org/articles&reports/project_revisit_cf_tfr_dec2004.pdf.

^{xvi} Source: This material can be found on the COSO website at www.coso.org

Disclaimer

These materials and the information contained herein are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject (s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, legal, investment, consulting or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

These materials and the information contained therein are provided as is, with no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, there is no warranty that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality. All implied warranties, including without limitation, warranties of merchantability, title, fitness for a particular purpose, noninfringement, compatibility, security and accuracy are expressly disclaimed.

If any of the foregoing is not fully enforceable for any reason, the remainder shall nonetheless continue to apply.

ATTACHMENT 6

Attachment 6

IMPACT ON AUTOMATED REPORTING MANAGEMENT INFORMATION SYSTEM (ARMIS) REPORTING AND FCC FORM 492A

ARMIS Report	Schedule - Title	Impacted	Explanation
43-01 Annual Summary Report	I – Cost and Revenue	Yes	• Some data will no longer be available
43-01 Annual Summary Report	II – Demand Analysis	No	• Schedule is not impacted.
43-01 Annual Summary Report	III – Pole and Conduit Rental Calculation Information	No	• Schedule is not impacted.
43-02 USOA Report	C3 – Respondent Corporate Information	No	• Schedule is not impacted.
43-02 USOA Report	C5 – Important Changes During the Year	No	• Schedule is not impacted.
43-02 USOA Report	B1 – Balance Sheet Accounts	No	• Schedule is not impacted.
43-02 USOA Report	B2 – Statements of Cash Flows	No	• Schedule is not impacted.
43-02 USOA Report	B3 – Investments in Affiliate Companies	No	• Schedule is not impacted.
43-02 USOA Report	B4 – Analysis of Assets Purchased From or Sold To Affiliates	Yes	• Some data will no longer be available
43-02 USOA Report	B5 – Analysis of Entries in Accumulated Depreciation	No	• Schedule is not impacted.
43-02 USOA Report	B6 – Summary of Investment and Accumulated Depreciation	No	• Schedule is not impacted.
43-02 USOA Report	B7 – Bases of Changes for Depreciation	No	• Schedule is not impacted.
43-02 USOA Report	B10 – Accounts Payable to Affiliates	No	• Schedule is not impacted.
43-02 USOA Report	I1 – Income Statement Accounts	No	• Schedule is not impacted.
43-02 USOA Report	I2- Analysis of Services Purchased From or Sold To Affiliates	Yes	• Some data will no longer be available
43-02 USOA Report	I6 – Special Charges	No	• Schedule is not impacted.
43-02 USOA Report	I7 – Donations or Payments for Services Rendered by Persons Other than Employees	No	• Schedule is not impacted.
43-03 Joint Cost Report	I – Regulated/Nonregulated Data	Yes	• Some data will no longer be available.
43-04 Access Report	I – Separations and Access Data	Yes	• Data will no longer be available
43-05 Service Quality Report	I – Installation and Repair Intervals (Interexchange Access)	No	• Schedule is not impacted.
43-05 Service Quality Report	II – Installation and Repair Intervals (Local Service)	No	• Schedule is not impacted.
43-05 Service Quality Report	III – Common Trunk Blockage	No	• Schedule is not impacted.

Attachment 6

IMPACT ON AUTOMATED REPORTING MANAGEMENT INFORMATION SYSTEM (ARMIS) REPORTING AND FCC FORM 492A

ARMIS Report	Schedule - Title	Impacted	Explanation
43-05 Service Quality Report	IV – Total Switch Downtime	No	• Schedule is not impacted.
43-05 Service Quality Report	IVA – Occurrences of Two Minutes Or More Duration Downtime	No	• Schedule is not impacted.
43-05 Service Quality Report	V – Service Quality Complaints	No	• Schedule is not impacted.
43-06 Customer Satisfaction Report	I – Customer Satisfaction Survey	No	• Schedule is not impacted.
43-07 Infrastructure Report	I – Switching Equipment	No	• Schedule is not impacted.
43-07 Infrastructure Report	II – Transmission Facilities	No	• Schedule is not impacted.
43-08 Operating Data Report	IA – Outside Plant Statistics Cable and Wire Facilities	No	• Schedule is not impacted.
43-08 Operating Data Report	IB – Outside Plant Statistics Other	No	• Schedule is not impacted.
43-08 Operating Data Report	II – Switched Access Lines in Service	No	• Schedule is not impacted.
43-08 Operating Data Report	III – Access Lines in Service by Customer	No	• Schedule is not impacted.
43-08 Operating Data Report	IV – Telephone Calls	No	• Schedule is not impacted.
495A Forecast of Investment Usage Report	I – Forecasted Usage Schedule	Yes	• Data will no longer be available.
495A Forecast of Investment Usage Report	II – Forecasted Investment Allocation	Yes	• Data will no longer be available
495A Forecast of Investment Usage Report	III – Forecasted Investment Summary	Yes	• Data will no longer be available
495B Actual Usage of Investment Report	IV – Actual Apportionment of Investment Dollars	Yes	• Data will no longer be available
495B Actual Usage of Investment Report	V – Actual Usage of Investment Units	Yes	• Data will no longer be available
495B Actual Usage of Investment Report	VI – Actual Investment Summary	Yes	• Data will no longer be available
FCC Form 492A	Rate of Return	Yes	• Data will no longer be available